

The Treasury

Budget 2013 Information Release

Release Document

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- [1] 6(a) - to prevent prejudice to the security or defence of New Zealand or the international relations of the government
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In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.

From: [7]
Sent: Monday, 11 March 2013 4:33 p.m.
To: ^Parliament: [7] 'gary.white@parliament.govt.nz'
Cc: John Laxon; [7]
Subject: FW: WUNZ decision making

Categories: Other

Hii[7] and Gary,

We understand that Finance Ministers had further questions regarding the WUNZ initiative. Below are Treasury's thoughts on these issues and we understand that MBIE will be providing further information for Budget Ministers on the design of a scheme for an extension of \$30-\$50m in total.

Options for targeting

NB options 2 and 3 are not mutually exclusive:

1. Insulating all low income households with children would require significantly more than \$150m in total and is unlikely to be achieved by the current scheme design given that landlords appear reluctant to take up the scheme as they don't receive the direct health benefits of insulation. Rental properties made up only 14% of the houses insulated under the current scheme.
2. Within the group of low income households with children, Ministers may wish to target the scheme to particular geographic areas; for example the identified high risk areas for Rheumatic Fever or areas of particular deprivation. EECA indicate that this would be possible operationally but is contingent on the availability of third party funding. Where the current scheme is delivered is largely dependent on where there is third party funding available, which in effect can work to target areas of socio-economic deprivation. Third party funders will approach EECA or insulation providers to seek funding for a project in a specific area of interest to the third party funder. If selecting areas to target this extension, it may be worth considering where there is third party funding available. For example; EECA indicate that there is a much higher chance of accessing third party funding in South Auckland, or Northland than on the West Coast.
3. Also within the group of low income households with children, Ministers may wish to target those with specific health needs, for example, those identified by their GPs as needing insulation due to an existing respiratory illness. EECA indicate that once again this would be possible operationally with a total quantum of \$30m-\$50m, but could incur higher operating costs.

Phasing

We understand that Ministers were asking whether phasing the scheme a longer period would be beneficial, e.g. an extension of \$100m or \$150m over 4 years. From a Treasury perspective, we do not see a benefit in doing this, as an extension over four years, as opposed to two, would not significantly ease pressure on the operating allowance as the spending set aside is \$3.2bn over four years – an extension of \$100m would have the same impact on the allowance regardless of the years it is spread over. However, it would reduce pressure on the OBEGAL in each year. For example, an extension of \$100m over four years would have a \$25m impact in 2014/15, versus a \$50m impact in a two-year extension.

Transition industry

We understand that Ministers have asked whether there were ways to transition the industry without additional funding. Treasury's view is that the industry have had knowledge of the time limited nature of the scheme and so should have organised their business activity accordingly.

Happy to answer questions,

Cheers,

[7]

[7] , Analyst | Natural Resources | **The Treasury**

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